



Australian
National
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in collaboration with the PNG Institute of National Affairs



THE SOCIAL AND ECONOMIC IMPACT OF THE RESOURCE SECTOR JOB STREAM IN PAPUA NEW GUINEA

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FOCUS OF STUDY

Role of ‘good jobs’ in the achievement of development objectives and the alleviation of poverty....

WHERE:

Good jobs are understood as jobs that are not only good for the individuals who hold them but also good for the wider society and economy to which these individuals belong.



CURRENT REPORT OUTLINE

- **A resource-rich country...**
- **... But still a poor country**
- **Resource development policies**
- **Impacts of resource boom on labour market**
- **Mainstream workforce in resource sector**
- **Papua New Guineans abroad**
- **Job creation by landowner companies**



MAIN DATA SOURCES

- **Published literature (on employment, poverty, migration and business development)**
- **Interviews with 285 PNG workers**
- **Rapid assessment of ASM activities**
- **Analysis of job adverts**
- **Analysis of newspaper articles**
- **Company records for landowner companies**
- **Statistics from 2009-2010 HIES**



A RESOURCE-RICH COUNTRY...

- **Boom in exploration and construction, not production**
- **Recent decline in value of commodity exports**
- **Dutch Disease effects of LNG Project construction**
- **Risk of government running into fiscal crisis**
- **Uncertainty around future project development**



... BUT STILL A POOR COUNTRY

- **Three rural zones of relative prosperity/poverty**
- **About 40% of population below poverty line**
- **National resistance to concept of 'poverty'**
- **Unchanging facts of economic geography**
- **Great expectations of 'development'**
- **Effects of 'preferred area policy'**



RUBBERY EMPLOYMENT NUMBERS

- **Number of PNG workers employed in formal sector jobs in PNG in 2012 could be anything between 300,000 and 1 million**
- **Of these, maybe 30,000 directly employed in resource sector (including on-site contractors and LNG Project construction workforce), similar to number directly employed in oil palm industry (NBPOL the biggest single private sector employer)**
- **Additional jobs created in formal and informal sectors (multipliers) very hard to estimate – maybe three to one?**
- **Maybe 100,000 people informally employed full-time or part-time in ASM activities, but no obvious link to formal employment in the large-scale resource sector**



PNG JOB ADVERTISEMENTS

- **Number of jobs advertised in PNG newspapers doubled between 2002 and 2007, and doubled again between 2007 and 2012**
- **This does not mean fourfold increase in number of jobs, but substantial increase in labour mobility (people changing jobs)**
- **Biggest percentage increases by sector over 10 years in ‘construction’ (900%), ‘mining and quarrying’ (400%), and ‘extra-territorial organisations’ (400%)**
- **But sector advertising most jobs in 2012 was still ‘real estate, renting & business services’ (27.5%, up from 23.6% in 2002)**
- **BPNG employment index suggests that resource sector employment has not grown much more than total employment**



WOMEN IN THE PNG WORKFORCE

- **Interviews with 180 PNG workers currently employed in the resource sector, but not a random sample (more mining than petroleum and with bias against unskilled workers)**
- **Percentage of women in sample higher than expected (more than 20% when compared to 10% reported by three big mining companies)**
- **Women have narrower range of qualifications, lower average age and income, but....**
- **Have been changing jobs as frequently as men (once every 2-3 years), and more likely to give promotion as the reason (34% as against 12%)**



REMITTANCES BY 180 WORKERS

- **Combined value of claimed remittances in cash and kind to relatives 'at home' in 2011 was around K2 million, with large proportion counting as forms of capital investment**
- **Some claims may have been exaggerated, but median figures suggest that value of remittances could exceed 20% of net earnings across all pay scales with no obvious gender difference**
- **Most of the town-based workers also accommodated rural relatives for various periods of time but hard to calculate the costs and benefits of doing so**



PNG WORKERS IN AUSTRALIA

- **82 PNG workers came to Australia under Pacific Seasonal Worker Pilot Scheme in FY 2010/11 and FY 2011/12 and probably took home about \$400,000 between them**
- **We estimate 500 PNG workers were sponsored by resource companies for permanent residence and 250 for temporary residence (457 visas) over same period**
- **If 1000 PNG workers were employed full-time in Australian resource sector over that period, we estimate their combined net pay at \$200 million and the value of their combined remittances to PNG at \$9 million**



PNG EXPATS IN EIS (NOT JUST OZ)

Interviews with 45 expat PNG workers (39 in Australia) reveal that they think of their expatriate status as a major achievement in its own right, yet this is not so much because they wish to dispense with their sense of national or ethnic identity, but rather because they see their ‘escape’ from PNG as a reflection of their experience and skill, and an opportunity to become part of a globalised professional industry workforce. Most of them have children in school (88 children between them), and many say that the opportunity of providing a better education for their children was one of the main reasons for their emigration.



LANDOWNER COMPANIES

If margins are compressed by weaker demand, the directors and managers of entrepreneurial LANCOs may struggle to maintain high levels of efficient investment if their local shareholders and employees seek a greater share of the profits they have made already, either through dividend payments or appointments to better paid jobs.

The qualities of political leadership required of successful LANCO directors are not easily transferred without making their business operations vulnerable to new forms of political competition.



BACK TO GOOD JOBS

The number of Papua New Guineans directly and indirectly employed in the development of major resource projects has grown significantly over the last decade, and most of them believe that they have better jobs than their fellow citizens employed in other parts of the national economy, but this does not prevent them from seeking better jobs for themselves in a context of increasing labour mobility.

The scale and content of remittances made by workers in the resource sector job stream to relatives at home represents a significant contribution to social and economic well-being beyond the limits of major resource project enclaves.



THREE POLICY PRIORITIES

- **Professional & technical training**
- **Urban land and housing**
- **Rural poverty alleviation**